

Message Text

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ACTION EB-08

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TO SECSTATE WASHDC 6010

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E.O. 11652: N/A

TAGS: EINV, EIND, EFIN, UV

SUBJECT: INVESTMENT CLIMATE STATEMENT

REF: 77 STATE 244738

1. THE CLIMATE FOR FOREIGN INVESTMENT IN UPPER VOLTA IS VERY FAVORABLE. AS ONE OF THE WORLD'S POOREST COUNTRIES, UPPER VOLTA SEEKS FOREIGN CAPITAL TO ASSIST ITS DEVELOPMENT EFFORTS. THE VOLTAN INVESTMENT CODE IS VERY LIBERAL AND PROVIDES A THOROUGH RANGE OF LEGAL GUARANTEES TO THE FOREIGN INVESTOR. CURRENCY TRANSFERS ARE NOT A PROBLEM. THE WEST AFRICAN FRANC (CFA) IS A SOUND CURRENCY WITH A FIXED RATE OF EXCHANGE TO THE FRENCH FRANC. THE INVESTMENT POLICY PROVIDES FOR TAX AND CUSTOMS EXEMPTIONS IN CERTAIN CASES, TARRIF PROTECTION, PREFERENCES IN THE PROCUREMENT OF RAW MATERIALS AND GUARANTEED THIRD PARTY ARBITRATION IN THE CASE OF AN INVESTMENT DISPUTE. THE CODE CALLS FOR A REINVESTMENT IN UPPER VOLTA OF A PORTION OF PROFITS. HOWEVER, THIS CLAUSE HAS NOT BEEN ENFORCED AND TO DATE BUSINESSES HAVE ENCOUNTERED NO HINDRANCES TO REPATRIATING PROFITS. IN AN EFFORT TO DIVERSIFY ITS ECONOMY THE GOVERNMENT OF UPPER VOLTA PARTICULARLY SEEKS

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FOREIGN INVESTMENT AND EXPERTISE IN MINING, AGRIBUSINESS AND AGRICULTURE PROJECTS. UPPER VOLTA HAS SIGNED THE LOME CONVENTION AND IMPLEMENTED A POLICY REMOVING PREFERENTIAL TARRIF BARRIERS PREVIOUSLY GRANTED TO MEMBERS OF THE EUROPEAN ECONOMIC COMMUNITY. UPPER VOLTA IS A PARTICIPANT WITH SIX OTHER WEST AFRICAN PARTNERS IN A TRADE AGREEMENT AIMED AT

ENCOURAGING INTER-STATE WEST AFRICAN TRADE.

2. THE GOVERNMENT HAS UNDERTAKEN A POLICY OF
VOLTANIZATION WHICH ENCOURAGES 35 0/0 VOLTAN PRIVATE
PARTICIPATION IN INVESTMENTS. IN THE PRIORITY
INDUSTRIES - THE WATER AND ELECTRIC MONOPOLY
AND IN COMMERCIAL BANKS - THE POLICY CALLS FOR
51 0/0 VOLTAN PARTICIPATION. HOWEVER, SINCE BOTH
PRIVATE AND PUBLIC DOMESTIC CAPITAL IS VERY SCARCE, THE
VOLTAN AUTHORITIES HAVE TAKEN A RELAXED LAISSEZ-
FAIRE ATTITUDE AND HAVE NOT ENFORCED THE VOLTAN-
IZATION REQUIREMENTS. OPIC INSURANCE IS AVAIL-
ABLE.

3. INVESTMENT STATISTICS

A. U.S. DIRECT INVESTMENT (BOOK VALUE) 1978
TOTAL \$2 MILLION (EST.)
MINING \$500,000
PETROLEUM (DISTRIBUTING) \$1,500,000

B. DIRECT INVESTMENT BY ALL COUNTRIES (BOOK VALUE)
1978. \$70 MILLION (EST.)
GRAHAM

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